

My name is Ryan Chaffin. I am the Director at Farrell Distributing and a member of the Vermont Wholesale Beverage Association.

Farrell is an independent beer distributor, licensed by the federal and state governments, responsible for delivering bottles, cans, cases, and kegs from brewers or importers to retailers, restaurants, and bars through a safe and transparent system. There are 3,000 independent beer distribution facilities nationwide, serving every region of the United States. Locally, we serve several thousand licensed retailers and some non-licensed locations.

Independent beer distributors do more than buy, store, sell, and deliver beer. They are small-business owners, civic leaders, parents, and philanthropists who actively contribute to their communities. Distributors value their role in the state-based alcohol regulation system, which helps keep communities safe while promoting healthy competition and a robust marketplace.

I am writing to express concerns about H.915, particularly that the increased handling fee would result in a consumer tax that many cannot afford. I strongly support forming a task force during the off-season to bring all stakeholders together for a thorough review of the PRO model, which has yet to take place. This significant change requires sufficient time to address outstanding issues identified by those responsible for implementation.

Raising the handling fee to one cent per container would add millions annually, a cost we would need to pass on to consumers ultimately. We cannot absorb this increase, and I am concerned our retailers will be at a disadvantage compared to those in neighboring states. While I support the financial sustainability of beverage redemption centers, I must also consider the impact on our business and 300 employees, especially given challenges such as declining population, loss of younger consumers, housing shortages, and stagnant industry margins. We share the difficulties faced by redemption centers, and they understand ours. Therefore, it is essential that all unclaimed funds be allocated to the PRO to provide relief for everyone involved.

I am concerned about the long-term viability of the producer responsibility organization established by H.915. The bill assumes Vermont distributors can absorb the costs of implementing and managing the program. Increasing the handling fee by one cent, as under consideration by the Senate Natural Resources Committee, further complicates the bottle bill's feasibility, especially given the many unresolved questions. One cent per unit will quickly result in significant price increases. While I empathize with our redemption centers, which are the backbone of our industry, we need to explore alternative solutions. In addition to increased costs for consumers, I am in a unique position as these centers are our top customers and valued partners. I believe we should pause and, in 2026, establish a task force led by ANR to define the long-term costs and structure.

I commend Vermont for considering significant changes to recycling and consumer protection systems. The most substantial shift in H.915 is the transition to an industry-run recycling system for beverage containers, funded and managed by beverage companies. The true costs remain unclear, and the model is unfamiliar to many of us. It is difficult to proceed without a detailed understanding of operational and financial implications. While this approach may improve effectiveness and convenience, it could jeopardize smaller redemption businesses and increase producer control over costs. I want our partners to have opportunities for growth, and we need a clearer understanding of infrastructure requirements for both redemption centers and the PRO. The \$3.5 million allocated for

implementation lacks a clear plan, and we should outline how these funds will be used before determining economic feasibility. We also need clarity on the safeguards between the PRO and the staff responsible for management and rate-setting. If the initial funding is insufficient and no long-term funding is secured, we risk falling short of our goals. This highlights the need for a year to thoroughly assess costs and supports my belief that unclaimed deposits should fund the PRO, enabling negotiators to address emerging needs.

Currently, any immediate increase in the handling fee must be passed to consumers, and the prospect of managing the recycling system without long-term funding is concerning. The consequences of not implementing this correctly would be significant for all involved. Last year, we had to change our operational and route-to-market model for the first time in generations due to high operating costs and the challenge of managing 300 employees in Vermont. We want this initiative to succeed, for the PRO to be sustainable, for consumers to have access to recycling, and for redemption centers to remain healthy. We also want to continue investing in our workforce and infrastructure, despite the challenging economic environment. I want to be very clear, our relationships with the Beverage Redemption centers is core to our business, and we need to find a way long term for them to be able to invest in their business, and hoping the PRO is something that can lead to that over time. We are all feeling the pinch, and I want to remain united as an industry.

In summary, H.915 represents a major structural change that modernizes recycling and shifts control and financial risk. We need to convene all stakeholders in the offseason for further discussion. While we are close, we need additional time to ensure we get this right for all industry parties involved and the Vermont consumer.